

Miriam Lens

From: FLORENCE SAMUELS [REDACTED]
Sent: Tuesday, July 12, 2011 3:05 PM
To: CityClerk; Fran David; Robert Bauman
Cc: ekurhi@bayareanewsgroup.com; [REDACTED]
Subject: Increase in Hayward Water Rates

Hayward Water Rate Increase Hearing, July 12, 2011 (Unable to attend) **Flo Samuels, [REDACTED]@[REDACTED]**

In the letter sent to Hayward water users I found no evidence that any analysis was made of the proposed rate increases dictated to the city of Hayward by the San Francisco Public Utilities Commission.

The Commission's reasoning that Hayward and other municipality water users should pay more for their water because they did such a good job of reducing usage by 22% flies in the face of logic and of what has been occurring to municipalities over the past four years.

Ongoing Costs

If we use less water there should be less costs to treat that water/sewage and less employees needed to work on the systems. In 2007 the SFPUC had 2,207 fulltime equivalent positions. In 2011, there were 2,359 FTE positions, a 7% increase in staff during a period when all other municipalities have reduced staff and SFPUC product demand, water/sewage, has decreased. Based on an analysis of the 2007 salary ordinance compared to 2011, salaries have risen by 7%. This isn't a lot in four years but when you look at the many public employees who have taken salary reductions, that lack of decrease is meaningful. At present they are recruiting for positions totaling close to \$2.3 million dollars annual salary and estimated benefits.

During the same period, the SFPUC built a 13-story, 277,000 sq. ft. office tower with one subterranean level in San Francisco. I found two project cost statements.

- One, by the General Contractor, Webcor, was made at project inception, probably in 2007. At that time the cost was \$133 million dollars. An article in the San Francisco Examiner stated "Construction of the 13-floor building, which was slated to open in 2012, was halted in 2008 because of escalating costs."
- The latest figure I found for project cost was \$190 million dollars, a cost overrun of \$60 million. This does not include Memorandum of Agreement for infrastructure such as guaranteed parking at \$6.5 million for the term of the lease.

So we are expected to pay more because the SFPUC has no incentive to reduce costs?

Infrastructure Improvements

I have been unable to determine whether Hayward voters or any other voters in the SFPUC service district outside of San Francisco were allowed to vote on the 2002 bond measure for system upgrades. Of the listed projects on the SFPUC website, approximately 40% benefit San Francisco and/or the Peninsula. (My spreadsheet is available on request.) Much of the Peninsula work is for San Francisco emergency water. Approximately one-third of delivered water goes to retail customers in San Francisco with the other two-thirds being wholesale deliveries to 26 suburban agencies in Alameda, Santa Clara, and San Mateo counties. Comparing rate increases in those agencies is difficult since I have been unable to find a list and some agencies have additional water sources. Based on a Fiscal Year 2009-2010 SFPUC Annual Report an increase of 30% in wholesale rates is in the offing for 2013.

Conclusions

So my question is has anyone looked at the numbers to see if the rate increase is equitable? Are we going to pay more to support infrastructure improvements that benefit only San Francisco and the Peninsula? Why should we pay more for an agency not interested in decreasing ongoing costs and increasing productivity? What have other agencies receiving

SFPUC water been assessed? I submit that no increase in rates should be finalized until such information has been obtained and analyzed.

Flo Samuels

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